

Presentment Date: May 20, 2008 at 12:00 p.m.  
Objection Deadline: May 20, 2008 at 11:30 p.m.

BLANK ROME LLP  
Proposed Attorneys for Official  
Committee of Unsecured Creditors  
The Chrysler Building  
405 Lexington Avenue  
New York, New York 10174  
(212) 885-5000  
Michael Z. Brownstein (MB-9379)  
Rocco A. Cavaliere (RC-8686)

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
In re: Chapter 11  
Case No. 08-11363 (RDD)  
FRED LEIGHTON HOLDINGS, INC., *et al.*,  
Jointly Administered  
Debtors.

-----X  
**NOTICE OF PRESENTMENT OF ORDER APPROVING APPLICATION  
OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
TO RETAIN AND EMPLOY BLANK ROME LLP AS COUNSEL**

**PLEASE TAKE NOTICE** that the Official Committee of Unsecured Creditors (the "Committee") of Fred Leighton Holdings, Inc., *et al.* (the "Debtors") will be filing the attached Application for an Order Approving the Retention of Blank Rome LLP as Counsel to the Official Committee of Unsecured Creditors (the "Application"), effective as of April 24, 2008.

**PLEASE TAKE FURTHER NOTICE** that responses, if any, to the Application, shall be set forth in writing describing the basis therefor which shall be filed with the Court electronically in accordance with General Order M-182 (N.B. General Order M-182 (as amended) and the User's Manual for the Electronic Case Filing System can be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov), the official website for the United States Bankruptcy Court for the Southern District of New York) by registered users of the Court's electronic case filing system

and, by all other parties in interest, on a 3.5 disk, preferably in Portable Document Format (PDF), WordPerfect or any other Windows-based word processing format (with a hard copy delivered to Chambers) and served in accordance with General Order M-182 (as amended) or by first class mail so as to be received no later than 11:30 p.m. on May 20, 2008 by (i) Proposed Counsel for the Committee, Blank Rome LLP, 405 Lexington Avenue, New York, New York 10174, Attn: Michael Z. Brownstein, Esq.; (ii) Counsel for the Debtors, Herrick Feinstein LLP, 2 Park Avenue, New York, New York 10016, Attn: Joshua Angel, Esq.; (iii) The Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, NY 10004, Attn: Serene K. Nakano, Esq.; and (iv) all parties who filed a notice of appearance and request for service and notices of documents consistent with Bankruptcy Rule 2002. Unless objections are received by such time, the proposed order annexed to the Application may be signed and entered without a hearing.

**PLEASE TAKE FURTHER NOTICE** that if objections are timely filed a hearing will be scheduled before the Honorable Robert D. Drain, United States Bankruptcy Judge, in Room 610 at the United States Bankruptcy Court, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408.

Dated: New York, New York  
May 6, 2008

BLANK ROME LLP  
Proposed Attorneys for Official  
Committee of Unsecured Creditors

By: 

Michael Z. Brownstein (MB-9379)  
Rocco A. Cavaliere (RC-8686)  
The Chrysler Building  
405 Lexington Avenue  
New York, NY 10174  
(212) 885-5000

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In re:

Chapter 11  
Case No. 08-11363 (RDD)

FRED LEIGHTON HOLDINGS, INC., *et al.*,  
Debtors.

Jointly Administered  
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**APPLICATION FOR AN ORDER APPROVING  
THE RETENTION OF BLANK ROME LLP AS COUNSEL TO  
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

The Official Committee of Unsecured Creditors appointed in the above-captioned Chapter 11 cases (the "Committee") submits this application (the "Application") for an order approving the employment and retention of Blank Rome LLP ("Blank Rome") as counsel to the Committee effective as of April 24, 2008 pursuant to §§ 328 and 1103(a) of Chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") and Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

In support of this Application, the Committee submits the Affidavit of Michael Z. Brownstein (the "Brownstein Affidavit") annexed hereto as Exhibit "A" and incorporated herein by reference. In support of this Application, the Committee respectfully represents as follows:

## JURISDICTION

1. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A). Venue of this proceeding and the within Application in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409(a). The statutory predicates for the relief requested herein are §§ 328 and 1103(a) of the Bankruptcy Code, as complemented by Bankruptcy Rule 2014.

## BACKGROUND

2. On April 15, 2008 (the “Petition Date”), Fred Leighton Holdings, Inc. and various of its affiliates (collectively, the “Debtors”) commenced voluntary cases under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The cases are being jointly administered for procedural purposes only under Lead Case 08-11363.

3. The Debtors remain in possession of their properties and continue in the management and operation of their business and properties as debtors in possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed herein.

4. The Committee has selected Blank Rome as counsel.

## THE COMMITTEE’S FORMATION

5. Pursuant to §1102(a) of the Bankruptcy Code, the Office of the United States Trustee formed the Committee in the jointly administered cases on April 24, 2008. The Committee consists of the following three members:

- (i) John M. Ullmann, Inc.;
- (ii) Line Architecture, Inc.; and
- (iii) Overton & Co.

6. At a meeting of the Committee held on April 24, 2008, in New York, the Committee voted to employ and retain Blank Rome as counsel to the Committee to perform all such services and give such advice as may be necessary and desirable for the equitable and orderly conduct of these Chapter 11 cases on behalf of the Committee.

RELIEF REQUESTED

7. By this Application, the Committee requests the entry of an order substantially in the form annexed hereto as Exhibit "B" authorizing it to retain and employ Blank Rome as its counsel effective April 24, 2008.

8. The Committee has selected Blank Rome as its counsel because of the firm's expertise and experience in bankruptcy cases and, specifically, in representing creditors' committees in Chapter 11 cases. Blank Rome is a law firm of approximately 525 attorneys with offices located in New York City, Philadelphia, Washington, D.C., Wilmington, Delaware, and other locations.

9. Blank Rome's broad-based practice, which includes expertise in the areas of bankruptcy, finance, corporate law, litigation, labor relations and tax will permit it to represent fully the interests of the Committee in an efficient and effective manner.

10. Blank Rome is expected to render such legal services as the Committee may consider desirable to discharge the Committee's responsibilities and further the interests of the Committee's constituents in these cases. In addition to acting as primary professional spokesperson for the Committee, it is expected that Blank Rome's services will include, without limitation, assisting, advising and representing the Committee with respect to the following matters:

- (a) The administration of these cases and the exercise of oversight with respect to the Debtors' affairs including all issues arising from

or impacting the Debtors or the Committee in these Chapter 11 cases;

- (b) The preparation on behalf of the Committee of all necessary applications, motions, orders, reports and other legal papers;
- (c) Appearances in Bankruptcy Court and at statutory meetings of creditors to represent the interests of the Committee;
- (d) The negotiation, formulation, drafting and confirmation of any plan of reorganization and matters related thereto;
- (e) The exercise of oversight with respect to any transfer, pledge, conveyance, sale or other liquidation of the Debtors' assets;
- (f) Such investigation, if any, as the Committee may desire concerning, among other things, the assets, liabilities, financial condition and operating issues concerning the Debtors that may be relevant to these cases;
- (g) Such communication with the Committee's constituents and others as the Committee may consider desirable in furtherance of its responsibilities; and
- (h) The performance of all of the Committee's duties and powers under the Bankruptcy Code and the Bankruptcy Rules and the performance of such other services as are in the interests of those represented by the Committee or as may be ordered by the Court.

11. As counsel to the Committee, Blank Rome shall receive compensation on an hourly basis, subject to the approval of this Court and compliance with §§ 328, 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the United States Trustee's Guidelines for Fees and Disbursements issued by the Office of the United States Trustee, and such other procedures as may be fixed by order of this Court, for professional services rendered and expenses incurred by Blank Rome. The current hourly rates charged by Blank Rome attorneys and legal assistants are set forth in the Brownstein Affidavit.

12. To the best of the Committee's knowledge, information and belief, Blank Rome and its members, counsel and associates have no connection with the Debtors, their

creditors or any other party in interest, or their attorneys or accountants, or with the United States Trustee, except to the extent set forth in the Brownstein Affidavit. To the best of the Committee's knowledge, information and belief (and consistent with the Brownstein Affidavit), Blank Rome is a "disinterested person" as that term is defined in § 101(14) of the Bankruptcy Code.

13. Based on the foregoing, the employment of Blank Rome by the Committee as counsel is necessary, would be in the best interests of the Committee and the Debtors' estates, and complies with §§ 328 and 1103 of the Bankruptcy Code.

14. Consistent with the firm's policy with respect to its other clients, Blank Rome will continue to charge the Committee for all other services provided and for other charges and disbursements incurred in the rendition of services. These charges and disbursements include, among other things, costs of long distance phone charges, photocopying, travel, business meals, computerized research, messengers, couriers, postage, witness fees and other fees related to trials and hearings.

15. Blank Rome commenced performing services for the Committee on April 24, 2008. Accordingly, the Committee respectfully requests that the retention of Blank Rome be authorized effective as of April 24, 2008, in light of the continuing nature of the services which must be performed in order for Blank Rome to properly represent the Committee and in order to avoid any prejudice resulting from any administrative delay in the signing of a retention order.

#### NOTICE

16. The Committee has provided notice of this Application to (i) the United States Trustee, (ii) counsel for the Debtors, (iii) counsel for Merrill Lynch Mortgage Capital, Inc. and (iv) all parties who filed a notice of appearance and request for service and notices of

documents consistent with Bankruptcy Rule 2002. The Committee submits that no other or further notice is necessary or required.

MISCELLANEOUS

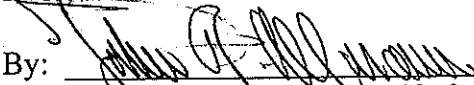
17. No previous application for the relief requested herein has been made to this or any other Court.

18. Because this Application presents no novel issues of law and the authorities relied upon by the Committee are set forth herein, the Committee respectfully requests that the Court waive the requirement for the filing of a separate memorandum of law in support of this Application pursuant to Local Rule 9013-1(b), but the Committee reserves the right to file a brief in reply to any objection to this Application.

**WHEREFORE**, the Committee respectfully requests that the Court enter an order approving the retention of Blank Rome by the Committee to perform the services described herein, effective as of April 24, 2008, and granting such other and further relief as the Court may deem just and proper.

Dated: New York, New York  
May 6, 2008

THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS OF FRED LEIGHTON HOLDINGS,  
INC., *et al.* AND ITS DEBTOR AFFILIATES

By:   
John M. Ullmann on behalf of  
John M. Ullmann, Inc.  
Chairperson of the Committee



## **EXHIBIT “A”**

BLANK ROME LLP  
Proposed Attorneys for Official  
Committee of Unsecured Creditors  
The Chrysler Building  
405 Lexington Avenue  
New York, New York 10174  
(212) 885-5000  
Michael Z. Brownstein (MB-9379)  
Rocco A. Cavaliere (RC-8686)

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

----- X  
In re:

Chapter 11  
Case No. 08-11363 (RDD)

FRED LEIGHTON HOLDINGS, INC., *et al.*,

Jointly Administered

Debtors.

----- X

**AFFIDAVIT OF MICHAEL Z. BROWNSTEIN AND DISCLOSURE  
STATEMENT OF BLANK ROME LLP IN SUPPORT OF APPLICATION  
FOR ORDER APPROVING RETENTION OF BLANK ROME LLP AS  
COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

STATE OF NEW YORK     )  
                                  )     ss.:  
COUNTY OF NEW YORK    )

MICHAEL Z. BROWNSTEIN, being duly sworn, deposes and says:

1.     I am a member of the firm of Blank Rome LLP ("Blank Rome") which maintains offices for the practice of law in New York at 405 Lexington Avenue, New York, New York 10174. I am admitted to practice law in the State of New York and in the United States District Court for the Southern and Eastern Districts of New York. I submit this affidavit in support of the accompanying Application (the "Application") for an Order Approving the Retention of Blank Rome as Counsel to the Official Committee of Unsecured Creditors (the "Committee") in these Chapter 11 cases.

2. At a meeting of the Committee held on April 24, 2008 in New York, the Committee voted to employ and retain Blank Rome as counsel to the Committee to perform services and give such advice as may be necessary and desirable for the equitable and orderly conduct of these Chapter 11 cases on behalf of the Committee. The services to be rendered by Blank Rome on behalf of the Committee are set forth in the Application, which is incorporated herein by reference.

3. Blank Rome has conducted a conflict check of (i) the Debtors, (ii) the top twenty creditors listed in the Debtors' petition, (iii) the Debtors' secured creditors, and (iv) the professionals associated with the foregoing parties.

4. Insofar as I have been able to ascertain, neither I, nor Blank Rome, nor any member, counsel or associate thereof, has any connection with the Debtors, their creditors or interest holders, or any party in interest herein, except that Blank Rome previously has represented, currently represents and may represent in the future the entities described below (or their affiliates), in matters totally unrelated to the Debtors:

<u>Matched Entity</u>	<u>Relation To Debtors</u>	<u>Relation To/Representation By BRLLP</u>
Merrill Lynch Mortgage Capital, Inc. ("Merrill Mortgage")	Secured Creditor	Former Client; Affiliate of Current Client
Graff Diamonds (Beverly Hills) Inc. ("Graff")	Unsecured Creditor	Current Client
FTI Consulting, Inc.	Unsecured Creditor	Former Client

5. With respect to each of the foregoing entities, and based on Blank Rome's revenues for the calendar year 2007, no individual entity, including affiliates thereof, accounted for more than five tenths of one percent (0.5%) of revenues. Blank Rome received no fees from Merrill Mortgage in 2007.

6. With regard to Merrill Mortgage, Blank Rome has represented Merrill Mortgage in discrete matters unrelated to this case from time to time. Blank Rome does not represent Merrill Mortgage at present. Blank Rome has represented, currently represents and may represent in the future affiliates of Merrill Mortgage including Merrill Lynch Business Financial Services Inc. which was acquired by GE Business Financial Services, Inc. in early 2008, in various matters unrelated to these cases. Blank Rome does not and will not represent Merrill Mortgage or any affiliate thereof in these Chapter 11 cases.

7. With regard to Graff, Blank Rome represented Graff in connection with a certain letter agreement related to one of the Debtor's proposed premises in Beverly Hills, California. Graff may have an unsecured claim against certain of the Debtors in connection with such proposed transaction. Blank Rome will not represent Graff in connection with these cases.

8. In addition, Blank Rome may have in the past represented, may currently represent and may in the future represent creditors of the Debtors in matters unrelated to the Debtors. Blank Rome may continue its representation of such parties, but has not and will not represent any of them in any matter relating to the Debtors' Chapter 11 cases.

9. As part of its practice, Blank Rome appears in cases, proceedings, and transactions involving different attorneys, accountants, financial consultants and investment bankers, some of whom now or may in the future represent the Debtors, creditors and other parties in interest in the Debtors' Chapter 11 cases. In addition, Blank Rome represents thousands of clients, some of whom may be creditors of these Debtors. Blank Rome has not and will not, however, represent any of such entities in connection with the Debtors' Chapter 11 cases.

10. Blank Rome is currently unaware of any other representations that it has which may impede or interfere with its ability to fully, completely and in a disinterested manner represent the Committee in all respects. Nevertheless, in the event that any issue may arise which would cause the Debtors to be adverse to any of Blank Rome's clients such that it would not be appropriate for Blank Rome to represent the Committee with respect to such matters, the Committee, the Court and the United States Trustee will be made so aware in order that arrangements may be made for another firm to represent the Committee with respect to such matters.

11. Based on the foregoing, there exists no situation which would affect, or appear to affect, Blank Rome's status as a "disinterested" person within the meaning of §§ 101(14) and 328 of the Bankruptcy Code.

12. Blank Rome has agreed to charge, subject to this Court's approval in accordance with § 330 of the Bankruptcy Code, Blank Rome's customary hourly rates and its customary reimbursements as charged to its bankruptcy and non-bankruptcy clients. At present, subject to periodic revisions in accordance with our firm's general billing procedures, the range of hourly billing rates for partners of Blank Rome is \$380 - \$745, the range of hourly billing rates for associates is \$245 - \$475, and the range of hourly billing rates for legal assistants, law clerks and paraprofessionals is \$105 - \$280. I shall serve as lead partner at Blank Rome with respect to these cases. My current hourly rate is \$665. Rocco A. Cavaliere, an associate with Blank Rome, will assist me in connection with these cases. Mr. Cavaliere's current hourly rate is \$450. Blank Rome's rates are competitive with those charged by other firms in New York for services comparable to those to be provided by Blank Rome on behalf of the Committee and are subject to adjustment by the firm from time to time.

13. Blank Rome has further advised the Committee that, consistent with Blank Rome's practice with respect to its other clients, it will also charge for other services rendered in these matters including, but not limited to, long distance telephone, facsimile, photocopying, travel, business meals, computerized research, messengers, couriers, postage and other fees and expenses. Blank Rome believes that the failure to charge these expenses would require the firm to increase its hourly rates.

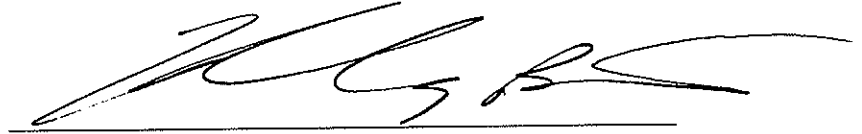
14. Blank Rome shall seek Court approval for the payment of all compensation for services rendered and expenses incurred by Blank Rome on behalf of the Committee in these cases pursuant to the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the United States Trustee's Guidelines For Fees and Disbursements issued by the United States Trustee, and such other procedures as may be fixed by order of this court.

15. No agreement or understanding in any form exists to share any compensation received by Blank Rome for its services to the Committee with any other person or firm, other than as permitted by the Bankruptcy Code and Bankruptcy Rules.


16. In light of the foregoing and to the best of my knowledge, neither I, Blank Rome, its members, counsel nor its associates hold or represent any interest materially adverse to the Debtors, their estates or the Committee in the matters upon which Blank Rome is to be engaged.


17. To the extent that Blank Rome discovers any facts bearing on matters described herein or its representation of the Committee during the period of its employment, Blank Rome will supplement the information contained in this affidavit.

18. I have read the Application accompanying this affidavit and, to the best of my knowledge, information and belief, the contents of the Application are true and correct.

  
MICHAEL Z. BROWNSTEIN

Sworn to before me this  
6<sup>th</sup> day of May, 2008

  
Notary Public

**RUBY HYDE**  
Notary Public, State of New York  
No. 01HY6040483  
Qualified in Bronx County  
Commission Expires April 24, 2011 

## **EXHIBIT “B”**



UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

----- X

In re:

Chapter 11

Case No. 08-11363 (RDD)

FRED LEIGHTON HOLDINGS, INC., *et al.*,

Jointly Administered

Debtors.

----- X

**ORDER APPROVING RETENTION OF BLANK ROME LLP AS  
COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

Upon the application dated May 6, 2008 (the "Application") for an order approving the retention of Blank Rome LLP ("Blank Rome") as counsel to the Official Committee of Unsecured Creditors (the "Committee"); and upon the Affidavit of Michael Z. Brownstein (the "Brownstein Affidavit") attached to the Application as Exhibit A; and the Court having jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing of Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of said Application having been given to (i) the Office of the United States Trustee, (ii) counsel for the Debtors, (iii) counsel for Merrill Lynch Mortgage Capital, Inc., and (iv) all parties who filed a notice of appearance and request for service and notice of documents consistent with Bankruptcy Rule 2002; and it appearing that no further notice is necessary; and it appearing that Blank Rome is a disinterested person as that term is defined in § 101(14) of title 11 of the United States Code (the "Bankruptcy Code") and does not represent or hold an interest adverse to the above-captioned Debtors or to the Committee; and the relief requested in the Application being in the best interests of the Debtors,

their estates, and creditors; and the Court having reviewed the Application; and the Court having determined that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefore; it is

ORDERED, that the Application is granted; and it is further

ORDERED, that notice of said Application is sufficient; and it is further

ORDERED, that the retention of Blank Rome as counsel for the Committee is hereby approved under a general retainer pursuant to §§ 328 and 1103(a) of the Bankruptcy Code, effective as of April 24, 2008; and it is further

ORDERED, that Blank Rome shall be compensated in the amounts set forth in the Brownstein Affidavit as allowed by this Court upon the filing of appropriate applications for allowance of interim or final compensation in accordance with the procedures set forth in §§ 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, and such other procedures as may be fixed by the Court, and the United States Trustee's Guidelines for Fees and Disbursements issued by the Office of the United States Trustee; and it is further

ORDERED, that the requirement of Local Bankruptcy Rule 9013-1(b) that the Committee file a memorandum of law in support of the Application be, and hereby is, waived.

Dated: New York, New York  
May \_\_, 2008

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HONORABLE ROBERT D. DRAIN  
UNITED STATES BANKRUPTCY JUDGE